

Warranty Adjustment Programs

This Act establishes requirements to notify consumers about motor vehicle manufacturer warranty adjustment programs.

Submitted as

Maryland

Chapter 343 of 2007

Status: Enacted into law in 2007.

Suggested State Legislation

(Title, enacting clause, etc.)

1 Section 1. [*Short Title.*] This Act shall be cited as “An Act Concerning Motor Vehicle
2 Manufacturers Warranty Adjustment Programs.”
3

4 Section 2. [*Definitions.*] As used in this Act:

5 (a) “Adjustment program” means a program or policy that expands or extends a warranty
6 beyond its stated limit or under which a manufacturer undertakes or offers to pay or reimburse a
7 consumer, whether directly or indirectly, for all or a part of the cost of repairing a condition that
8 may substantially affect the durability, reliability, or performance of a motor vehicle. “Adjustment
9 program” does not include service provided under a safety or emissions related recall campaign or
10 adjustments made by a manufacturer on a case-by-case basis.

11 (b) “Consumer” means:

- 12 (1) the purchaser, other than for purposes of resale, of a new motor vehicle;
13 (2) a lessee of a motor vehicle;
14 (3) a person to whom a new motor vehicle is transferred during the duration of the
15 warranty applicable to the motor vehicle; or
16 (4) a person who is entitled under the terms of the warranty to enforce its
17 obligations.

18 (c) “Dealer” means a person who sells or leases motor vehicles under a retail agreement
19 with a manufacturer or distributor, or an agent of a manufacturer or distributor.

20 (d) “Lessee” means a consumer who leases a motor vehicle under a written lease that
21 provides that the lessee is responsible for repairs to the motor vehicle.

22 (e) “Manufacturer” means a person who manufactures or assembles new motor vehicles for
23 sale or distribution or is engaged in the business of importing new motor vehicles for sale or
24 distribution to dealers or through distributors or factory branches.

25 (f) “Motor vehicle” means a vehicle that is used for the private transportation of people and
26 their personal belongings and has a maximum capacity of [10] people, including the driver.
27

28 Section 3. [*Responsibility to Disclose to Consumers Seeking to Repair Motor Vehicles*
29 *Information About Adjustment Programs.*]

30 (a) A manufacturer shall provide to its dealers information about each adjustment program
31 of the manufacturer in a format that facilitates the disclosure of the terms and conditions of the
32 adjustment program to a consumer seeking repairs at the dealer’s repair facility.

33 (b) If a dealer has received notification of a manufacturer’s adjustment program covering a
34 particular condition, or otherwise has knowledge of the adjustment program, the dealer shall

disclose the terms and conditions of the adjustment program to a consumer seeking repairs for the condition at the dealer's repair facility.

Section 4. [*Notice to Motor Vehicle Administration about Warranty Adjustments.*]

(a) Within [30 days] after establishing an adjustment program, the manufacturer shall send a copy of the adjustment program to the state [motor vehicle administration].

(b) Within [10 days] after receiving a copy of an adjustment program from a manufacturer, the state [motor vehicle administration] shall post the copy on its website.

Section 5. [*Notifying Buyers about Adjustment Programs at the Time of Purchase.*]

(a) A manufacturer of motor vehicles sold in the state shall ensure that the purchaser of a new motor vehicle receives, at the time of purchase, a written notice describing the rights and remedies provided under this Act.

(b) The written notice shall be considered sufficient if stated in substantially the following form:

"Sometimes (insert manufacturer's name) offers a special adjustment program to pay all or part of the cost of certain repairs beyond the terms of the warranty. Check with your dealer to determine whether any adjustment program is applicable to your motor vehicle."

Section 6. [*Notifying Consumers Who Own or Lease Motor Vehicles about Warranty Adjustment Programs.*] A manufacturer of motor vehicles sold in the state shall establish procedures under which each consumer in the state who owns or leases a motor vehicle to which an adjustment program of the manufacturer applies:

(1) is notified about the adjustment program;

(2) on request, is provided with a copy of any service bulletin or any other document issued by the manufacturer pertaining to an adjustment program or to a condition that may substantially affect motor vehicle durability, reliability, or performance; and

(3) within [90] days after the establishment of a new adjustment program, is sent written notice by first-class mail of the terms and conditions of the adjustment program.

Section 7. [*Adjustment Program Reimbursement.*]

(a) A manufacturer that establishes an adjustment program shall implement procedures to ensure reimbursement of each consumer who is eligible under the adjustment program and incurs expenses for the repair of a condition subject to the adjustment program before the consumer knows about the adjustment program.

(b) Reimbursement under this section shall be consistent with the terms and conditions of the particular adjustment program.

(c) A consumer shall make a claim for reimbursement under this section in writing to the manufacturer within the later of [1.2 years] after the date of the consumer's payment for the repair of the condition or [2.1 years] after the date the manufacturer sends the notice required under this Act.

(d) The manufacturer shall notify the consumer within [21 business days] after receiving a claim for reimbursement whether the claim will be approved or denied.

(e) If the claim is denied, the manufacturer shall state in writing the specific reasons for the denial.

83 Section 8. [*Penalties.*] A violation of this Act is an unfair or deceptive trade practice within
84 the meaning of [insert citation] and subject to the enforcement and penalty provisions contained in
85 [insert citation].
86

87 Section 9. [*Severability.*] [Insert severability clause.]
88

89 Section 10. [*Repealer.*] [Insert repealer clause.]
90

91 Section 11. [*Effective Date.*] [Insert effective date.]